
By: **Delegates Arnick, Costa, and Oaks**
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Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Video Lottery Terminals - Regulation - Location**

3 FOR the purpose of renaming the State Lottery Commission to be the Maryland
4 Gaming Commission and renaming the State Lottery Agency to be the Maryland
5 Gaming Agency; requiring the Maryland Gaming Commission to regulate the
6 operation of certain video lottery terminals; altering the membership of the
7 Maryland Gaming Commission and the number of members needed for the
8 Maryland Gaming Commission to act; providing that members of the Maryland
9 Gaming Commission may be compensated as provided in the State budget;
10 authorizing the operation of video lottery terminals connected to a certain
11 central computer that allows the Maryland Gaming Commission to monitor a
12 video lottery terminal and that is connected to the State Lottery computer
13 system; prohibiting access to the central computer to certain licensees with a
14 certain exception; providing that only a person with certain video lottery
15 operation license may offer a video lottery terminal for public use in the State;
16 providing that this Act is statewide and exclusive in its effect and that certain
17 laws do not apply to video lottery terminals authorized under this Act;
18 authorizing the Maryland Gaming Commission to conduct certain investigations
19 and hearings; requiring the Maryland Gaming Commission to adopt certain
20 regulations; authorizing the Maryland Gaming Commission to require a certain
21 bond and collect certain fees, civil penalties, and taxes; authorizing the
22 Maryland Gaming Commission to inspect and seize certain equipment, financial
23 information, and records without notice or warrant; authorizing the Maryland
24 Gaming Commission to issue a certain number of Request for Proposal video
25 lottery operation licenses and Keno video operation licenses to certain persons;
26 requiring that applicants for Keno video terminal operation hold an alcoholic
27 beverages license and offer a Keno game to its patrons; providing for the
28 qualifications of certain licensees; requiring certain video terminal
29 manufacturers, video lottery operators, video lottery employees, and other
30 individuals to be licensed by the Maryland Gaming Commission; providing for
31 the application and licensing process; establishing certain eligibility criteria and
32 disqualifying criteria for a video lottery operation license; providing that the
33 license of certain video lottery operation licensees may be revoked if a certain
34 horse racing event or trade names and other items related to the event are
35 transferred out of the State; requiring a certain licensee to conduct a certain

1 annual race with certain exceptions; requiring video lottery operating licensees
2 to submit to the Maryland Gaming Commission a certain plan to improve the
3 quality and marketing of horse racing; providing for certain eligibility criteria
4 and disqualifying criteria for certain licenses; providing certain license terms;
5 stating the intent of the General Assembly relating to video lottery operation
6 licenses; prohibiting a video lottery operation license from being transferred or
7 pledged as collateral; prohibiting certain licensees from selling or otherwise
8 transferring more than a certain percent of the legal or beneficial interest unless
9 certain conditions are met; requiring that the transfer of a certain interest in a
10 person that holds a video lottery operation license be approved by the Maryland
11 Gaming Commission; requiring the Department of State Police to conduct
12 certain background investigations in a certain manner; requiring the Maryland
13 Gaming Commission to buy or lease the video lottery terminals, associated
14 equipment, and central computer authorized under this Act; specifying limits on
15 the number of Request for Proposal video lottery terminals and Keno video
16 lottery terminals that may be authorized by the Commission; providing the
17 minimum payout for video lottery terminals and authorizing the Maryland
18 Gaming Commission to adopt certain video lottery terminal payouts; providing
19 for the hours of operation of video lottery terminals; prohibiting the Maryland
20 Gaming Commission from issuing certain licenses under certain circumstances;
21 prohibiting a video lottery operation licensee from offering food or beverages at
22 no cost or from offering food and beverages below certain prices; requiring the
23 Maryland Gaming Commission to adopt certain regulations to reduce or
24 mitigate the effects of problem gambling; authorizing the Maryland Gaming
25 Commission to reprimand a licensee or deny, suspend, or revoke certain licenses
26 under certain circumstances; requiring the Comptroller to collect and distribute
27 certain moneys in specified ways; establishing an Education Trust Fund;
28 requiring certain distributions from video lottery proceeds to the Education
29 Trust Fund to be used for a certain purpose; establishing a Purse Dedication
30 Account under the authority of the State Racing Commission; providing for a
31 certain distribution from video lottery proceeds to the Purse Dedication Account
32 for horse racing; providing for certain distributions from the Purse Dedication
33 Account for horse racing in a certain manner; authorizing the State to pay
34 certain transportation costs; requiring the Maryland Department of
35 Transportation to facilitate certain negotiations; requiring a certain
36 transportation plan to be developed by certain counties; authorizing certain fees
37 and providing for a certain distribution from certain fees to the Compulsive
38 Gambling Fund; creating a Compulsive Gambling Fund in the Department of
39 Health and Mental Hygiene; providing for certain disbursements from the
40 Compulsive Gambling Fund for certain purposes; exempting a certain
41 procurement by the Maryland Gaming Commission from certain provisions of
42 law; requiring the Maryland Gaming Commission to make a certain annual
43 report by a certain date; requiring the Department of Transportation to conduct
44 a certain study and make a certain report by a certain date; making the
45 provisions of this Act severable; providing for the staggering of the terms of
46 certain new members of the State Lottery Commission; defining certain terms;
47 and generally relating to the operation of video lottery terminals at certain
48 locations in the State.

1 BY repealing and reenacting, without amendments,
2 Article - State Government
3 Section 9-101(a)
4 Annotated Code of Maryland
5 (1999 Replacement Volume and 2003 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article - State Government
8 Section 9-101(b) and (c), 9-103, 9-104, 9-105, and 9-108(a)(2) and (d) to be
9 under the amended subtitle "Subtitle 1. Maryland Gaming Commission"
10 Annotated Code of Maryland
11 (1999 Replacement Volume and 2003 Supplement)

12 BY adding to
13 Article - State Government
14 Section 9-1A-01 through 9-1A-30 to be under the new subtitle "Subtitle
15 1A. Video Lottery Terminals"
16 Annotated Code of Maryland
17 (1999 Replacement Volume and 2003 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - State Finance and Procurement
20 Section 11-203(a)(1)(xvi), (xviii), and (xix) and (b)(3)
21 Annotated Code of Maryland
22 (2001 Replacement Volume and 2003 Supplement)

23 BY adding to
24 Article - State Finance and Procurement
25 Section 11-203(a)(1)(xx)
26 Annotated Code of Maryland
27 (2001 Replacement Volume and 2003 Supplement)

28 BY repealing and reenacting, without amendments,
29 Article - State Finance and Procurement
30 Section 11-203(b)(1)
31 Annotated Code of Maryland
32 (2001 Replacement Volume and 2003 Supplement)

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
34 MARYLAND, That the Laws of Maryland read as follows:

Article - State Government

1

2

Subtitle 1. [State Lottery Agency] MARYLAND GAMING COMMISSION.

3 9-101.

4 (a) In this subtitle the following words have the meanings indicated.

5 (b) "Agency" means the [State Lottery] MARYLAND GAMING Agency.

6 (c) "Commission" means the [State Lottery] MARYLAND GAMING
7 Commission.

8 9-103.

9 There is a [State Lottery] MARYLAND GAMING Agency.

10 9-104.

11 There is a [State Lottery] MARYLAND GAMING Commission in the Agency.

12 9-105.

13 (a) The Commission consists of [5] NINE members appointed by the Governor
14 with the advice and consent of the Senate.15 (b) (1) [Each] AT THE TIME OF APPOINTMENT, EACH member of the
16 Commission [must be a resident and citizen of the State.] SHALL BE:

17 (I) AT LEAST 25 YEARS OLD;

18 (II) A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE
19 FOR AT LEAST 5 YEARS;

20 (III) A QUALIFIED VOTER OF THE STATE; AND

21 (IV) AN INDIVIDUAL WHO HAS NOT BEEN CONVICTED OF OR
22 GRANTED PROBATION BEFORE JUDGMENT FOR A SERIOUS CRIME OR A CRIME THAT
23 INVOLVES MORAL TURPITUDE OR GAMBLING.

24 (2) A MEMBER OF THE COMMISSION MAY NOT:

25 (I) HAVE A DIRECT OR INDIRECT FINANCIAL INTEREST IN VIDEO
26 LOTTERY TERMINALS;27 (II) HAVE AN OFFICIAL RELATIONSHIP TO A PERSON WHO HOLDS A
28 LICENSE UNDER SUBTITLE 1A OF THIS TITLE; OR29 (III) HOLD ANY STOCKS, BONDS, OR OTHER FINANCIAL INTEREST IN
30 A PERSON HOLDING A LICENSE UNDER SUBTITLE 1A OF THIS TITLE.

1 (3) NO MORE THAN SIX MEMBERS MAY BE OF THE SAME POLITICAL
2 PARTY.

3 (4) THE MEMBERS OF THE COMMISSION SHALL REFLECT THE
4 GEOGRAPHIC, RACIAL, AND GENDER MAKEUP OF THE STATE.

5 (C) THE COMMISSION SHALL INCLUDE:

6 (1) ONE MEMBER WITH EXPERIENCE IN LAW ENFORCEMENT;

7 (2) ONE MEMBER WITH EXPERIENCE IN A FIELD RELATING TO FINANCE
8 AND INVESTMENTS;

9 (3) ONE MEMBER WHO IS A CERTIFIED PUBLIC ACCOUNTANT; AND

10 (4) ONE MEMBER WITH EXPERIENCE IN A FIELD OF INFORMATION
11 TECHNOLOGY.

12 [(c)] (D) (1) The term of a member is 4 years.

13 (2) The terms of members are staggered [as required by the terms
14 provided for members of the Commission on October 1, 1984].

15 (3) At the end of a term, a member continues to serve until a successor is
16 appointed and qualifies.

17 (4) A member who is appointed after a term has begun serves only for
18 the rest of the term and until a successor is appointed and qualifies.

19 [(d)] (E) (1) Subject to the hearing requirements of this subsection, the
20 Governor may remove a member for cause.

21 (2) Before the Governor removes a member, the Governor shall give the
22 member notice and an opportunity for a public hearing.

23 9-108.

24 (a) (2) The Commission may not act unless at least [3] FIVE members
25 concur.

26 (d) As provided in the State budget, a member of the Commission:

27 (1) may receive compensation [as payment for attendance at
28 Commission meetings or other lottery functions in the amount of:

29 (i) \$125 per meeting attended, not to exceed \$1,500 annually for a
30 Commission member who is not the chairman; and

31 (ii) \$165 per meeting attended, not to exceed \$2,000 annually for
32 the Commission chairman]; and

1 (2) is entitled to reimbursement for reasonable expenses incurred in the
2 performance of the duties as a member.

3 SUBTITLE 1A. VIDEO LOTTERY TERMINALS.

4 9-1A-01.

5 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
6 INDICATED.

7 (B) "APPLICANT" MEANS A PERSON WHO APPLIES FOR ANY LICENSE
8 REQUIRED UNDER THIS SUBTITLE.

9 (C) "ASSOCIATED EQUIPMENT" MEANS HARDWARE LOCATED ON THE
10 LICENSEE'S PREMISES THAT IS CONNECTED TO THE VIDEO LOTTERY SYSTEM FOR
11 THE PURPOSE OF PERFORMING COMMUNICATION, VALIDATION, OR OTHER
12 FUNCTIONS, BUT NOT INCLUDING THE COMMUNICATION FACILITIES OF A
13 REGULATED UTILITY OR THE VIDEO LOTTERY TERMINALS.

14 (D) "AVERAGE ANNUAL PAYOUT PERCENTAGE" MEANS THE AVERAGE
15 ANNUAL PERCENTAGE OF MONEY USED BY PLAYERS TO PLAY A VIDEO LOTTERY
16 TERMINAL THAT IS RETURNED TO PLAYERS OF THAT VIDEO LOTTERY TERMINAL.

17 (E) "BACKGROUND INVESTIGATION" MEANS A SECURITY, CRIMINAL, AND
18 CREDIT INVESTIGATION OF A PERSON WHO APPLIES FOR OR WHO IS GRANTED A
19 LICENSE UNDER THIS SUBTITLE.

20 (F) "CAREER OFFENDER" MEANS A PERSON WHOSE BEHAVIOR IS PURSUED IN
21 AN OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSE OF ECONOMIC GAIN
22 THAT UTILIZES METHODS THAT ARE DEEMED BY THE COMMISSION AS CRIMINAL
23 VIOLATIONS INIMICAL TO THE INTEREST OF THE STATE.

24 (G) "CAREER OFFENDER CARTEL" MEANS A GROUP OF PERSONS WHO
25 OPERATE TOGETHER AS CAREER OFFENDERS.

26 (H) "CENTRAL COMPUTER" MEANS A CENTRAL SITE COMPUTER PROVIDED TO
27 AND CONTROLLED BY THE COMMISSION TO WHICH VIDEO LOTTERY TERMINALS
28 COMMUNICATE FOR PURPOSES OF:

29 (1) INFORMATION RETRIEVAL; AND

30 (2) PROGRAMS TO ACTIVATE AND DISABLE VIDEO LOTTERY TERMINALS.

31 (I) "COMMISSION" MEANS THE MARYLAND GAMING COMMISSION.

32 (J) "CONTROL" MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT AND
33 POLICIES OF AN APPLICANT OR LICENSEE.

1 (K) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE
2 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS
3 SUBTITLE, INCLUDING:

4 (1) THE COSTS OF LEASING OR THE CAPITALIZED COST OF PURCHASING
5 THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL
6 COMPUTER;

7 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY
8 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
9 THESE COSTS ARE NOT INCLUDED IN THE COSTS OF LEASING OR PURCHASING THE
10 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER;

11 (3) THE COSTS OF TESTING AND EXAMINATION OF VIDEO LOTTERY
12 TERMINALS; AND

13 (4) THE COSTS OF PERFORMING BACKGROUND INVESTIGATIONS AND
14 OTHER RELATED ACTIVITIES.

15 (L) "FAMILY" MEANS SPOUSE, PARENTS, GRANDPARENTS, CHILDREN,
16 GRANDCHILDREN, SIBLINGS, UNCLES, AUNTS, NEPHEWS, NIECES, FATHERS-IN-LAW,
17 MOTHERS-IN-LAW, DAUGHTERS-IN-LAW, SONS-IN-LAW, BROTHERS-IN-LAW, AND
18 SISTERS-IN-LAW, WHETHER BY WHOLE BLOOD OR HALF BLOOD, BY MARRIAGE,
19 ADOPTION, OR NATURAL RELATIONSHIP.

20 (M) "LICENSE" MEANS, UNLESS THE CONTEXT REQUIRES OTHERWISE, A
21 LICENSE REQUIRED UNDER THIS SUBTITLE.

22 (N) "LICENSEE" MEANS AN APPLICANT WHO HAS BEEN ISSUED A LICENSE
23 REQUIRED UNDER THIS SUBTITLE.

24 (O) "MANUFACTURER" MEANS A PERSON:

25 (1) THAT IS ENGAGED IN THE BUSINESS OF DESIGNING, BUILDING,
26 CONSTRUCTING, ASSEMBLING, MANUFACTURING, OR DISTRIBUTING A CENTRAL
27 COMPUTER, A CENTRAL COMPUTER SOFTWARE SYSTEM, VIDEO LOTTERY
28 TERMINALS, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER COMPONENTS
29 OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR OF VIDEO
30 LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY TERMINAL IS
31 HOUSED;

32 (2) THAT PRODUCES A PRODUCT THAT IS INTENDED FOR SALE, LEASE,
33 OR OTHER ASSIGNMENT TO THE COMMISSION OR A LICENSEE; AND

34 (3) THAT CONTRACTS WITH THE COMMISSION OR A LICENSEE FOR THE
35 SALE, LEASE, OR OTHER ASSIGNMENT.

36 (P) "OWN" MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST OF AT
37 LEAST 10% IN THE PROPERTY OR BUSINESS OF AN APPLICANT OR LICENSEE.

1 (Q) "PLAYER" MEANS AN INDIVIDUAL WHO PLAYS A VIDEO LOTTERY
2 TERMINAL AT A VIDEO LOTTERY FACILITY LICENSED BY THE COMMISSION.

3 (R) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH
4 VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT
5 IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.

6 (S) "PROGRESSIVE JACKPOT" MEANS A PRIZE THAT INCREASES AS ONE OR
7 MORE VIDEO LOTTERY TERMINALS ARE CONNECTED TO A PROGRESSIVE JACKPOT
8 SYSTEM.

9 (T) "PROGRESSIVE JACKPOT SYSTEM" MEANS THE CAPABILITY OF THE
10 CENTRAL COMPUTER TO LINK ONE OR MORE VIDEO LOTTERY TERMINALS IN ONE OR
11 MORE LICENSED FACILITIES AND TO OFFER ONE OR MORE COMMON PROGRESSIVE
12 JACKPOTS.

13 (U) "REQUEST FOR PROPOSAL VIDEO LOTTERY OPERATION LICENSE" MEANS
14 A VIDEO LOTTERY OPERATION LICENSE THAT IS AWARDED BY A BIDDING PROCESS
15 UNDER § 9-1A-05 OF THIS SUBTITLE.

16 (V) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
17 VIDEO LOTTERY TERMINAL.

18 (W) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE OF A PERSON WHO
19 HOLDS A LICENSE.

20 (X) "VIDEO LOTTERY FACILITY" MEANS A FACILITY AT WHICH PLAYERS PLAY
21 VIDEO LOTTERY TERMINALS UNDER THIS SUBTITLE.

22 (Y) "VIDEO LOTTERY OPERATION LICENSE" MEANS A LICENSE THAT ALLOWS
23 PLAYERS TO OPERATE VIDEO LOTTERY TERMINALS.

24 (Z) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY MACHINE OR OTHER
25 DEVICE THAT, ON INSERTION OF A BILL, COIN, TOKEN, VOUCHER, TICKET, COUPON,
26 OR SIMILAR ITEM, OR ON PAYMENT OF ANY CONSIDERATION:

27 (I) IS AVAILABLE TO PLAY OR SIMULATE THE PLAY OF ANY GAME
28 OF CHANCE IN WHICH THE RESULTS, INCLUDING THE OPTIONS AVAILABLE TO THE
29 PLAYER, ARE RANDOMLY AND IMMEDIATELY DETERMINED BY THE MACHINE OR
30 OTHER DEVICE; AND

31 (II) BY THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE
32 PLAYER WHO OPERATES THE MACHINE OR DEVICE TO RECEIVE CASH, PREMIUMS,
33 MERCHANDISE, TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE
34 AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

35 (2) "VIDEO LOTTERY TERMINAL" INCLUDES A MACHINE OR DEVICE:

36 (I) THAT DOES NOT DIRECTLY DISPENSE MONEY, TOKENS, OR
37 ANYTHING OF VALUE TO WINNING PLAYERS; AND

1 (II) DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION THAT
2 USES AN ELECTRONIC CREDIT SYSTEM MAKING THE DEPOSIT OF BILLS, COINS, OR
3 TOKENS UNNECESSARY.

4 (3) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED
5 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12,
6 SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE.

7 9-1A-02.

8 (A) THIS SUBTITLE IS STATEWIDE AND EXCLUSIVE IN ITS EFFECT.

9 (B) THE COMMISSION SHALL REGULATE THE OPERATION OF VIDEO LOTTERY
10 TERMINALS IN ACCORDANCE WITH THIS SUBTITLE.

11 (C) (1) THIS SUBTITLE AUTHORIZES THE OPERATION OF VIDEO LOTTERY
12 TERMINALS CONNECTED TO A CENTRAL COMPUTER THAT ALLOWS THE COMMISSION
13 TO MONITOR A VIDEO LOTTERY TERMINAL AND THAT IS CONNECTED TO THE STATE
14 LOTTERY COMPUTER SYSTEM.

15 (2) THE COMMISSION SHALL PROVIDE AND OPERATE A SINGLE
16 CENTRAL COMPUTER INTO WHICH ALL LICENSED VIDEO LOTTERY TERMINALS MUST
17 BE CONNECTED.

18 (3) THE CENTRAL COMPUTER SHALL BE CAPABLE OF:

19 (I) CONFORMING TO THE PROTOCOLS OF THE VIDEO LOTTERY
20 TERMINALS LEASED OR PURCHASED BY THE COMMISSION UNDER THIS SUBTITLE;

21 (II) CONTINUOUSLY MONITORING, RETRIEVING, AND AUDITING
22 THE OPERATIONS, FINANCIAL DATA, AND PROGRAM INFORMATION OF ALL VIDEO
23 LOTTERY TERMINALS;

24 (III) ALLOWING THE COMMISSION TO ACCOUNT FOR ALL MONEY
25 INSERTED IN AND PAYOUTS MADE FROM ANY VIDEO LOTTERY TERMINAL;

26 (IV) DISABLING FROM OPERATION OR PLAY ANY VIDEO LOTTERY
27 TERMINAL AS THE COMMISSION DEEMS NECESSARY TO CARRY OUT THE PROVISIONS
28 OF THIS SUBTITLE; AND

29 (V) SUPPORTING A PROGRESSIVE JACKPOT SYSTEM CAPABLE OF
30 OPERATING ONE OR MORE PROGRESSIVE JACKPOTS.

31 (4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
32 PARAGRAPH, THE COMMISSION MAY NOT ALLOW A VIDEO LOTTERY OPERATION
33 LICENSEE TO HAVE ACCESS TO THE CENTRAL COMPUTER SYSTEM OR INFORMATION
34 FROM THE CENTRAL COMPUTER SYSTEM.

35 (II) PROVIDED THE ACCESS DOES NOT IN ANY WAY AFFECT THE
36 INTEGRITY OR SECURITY OF THE CENTRAL COMPUTER SYSTEM, THE COMMISSION

1 MAY ALLOW A VIDEO LOTTERY OPERATION LICENSEE TO HAVE ACCESS TO
2 INFORMATION FROM THE CENTRAL COMPUTER THAT ALLOWS THE LICENSEE TO
3 OPERATE A PLAYER TRACKING SYSTEM OR OBTAIN OTHER INFORMATION
4 PERTINENT TO THE LEGITIMATE OPERATION OF A VIDEO LOTTERY FACILITY.

5 (C) ONLY A PERSON WITH A VIDEO LOTTERY OPERATION LICENSE ISSUED BY
6 THE COMMISSION MAY OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE
7 STATE UNDER THIS SUBTITLE.

8 9-1A-03.

9 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ANY
10 ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING OTHER THAN AS
11 EXPRESSLY PROVIDED IN THIS SUBTITLE ARE PROHIBITED.

12 (B) THIS SECTION DOES NOT APPLY TO:

13 (1) LOTTERIES CONDUCTED UNDER SUBTITLE 1 OF THIS TITLE;

14 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE
15 BUSINESS REGULATION ARTICLE;

16 (3) THE OPERATION OF SLOT MACHINES AS PROVIDED UNDER TITLES 12
17 AND 13 OF THE CRIMINAL LAW ARTICLE; OR

18 (4) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR
19 VETERANS', RELIGIOUS OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE
20 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION UNDER TITLES 12 AND 13 OF
21 THE CRIMINAL LAW ARTICLE.

22 9-1A-04.

23 (A) THE COMMISSION SHALL:

24 (1) HEAR AND DECIDE, PROMPTLY AND IN REASONABLE ORDER,
25 LICENSE APPLICATIONS AND CAUSES AFFECTING THE GRANTING, SUSPENSION,
26 REVOCATION, OR RENEWAL OF LICENSES UNDER THIS SUBTITLE;

27 (2) AFTER A HEARING, SUSPEND OR REVOKE AS APPLICABLE THE
28 LICENSE OF A LICENSEE WHO HAS A LICENSE SUSPENDED OR REVOKED IN
29 ANOTHER STATE;

30 (3) CONDUCT HEARINGS CONCERNING CIVIL VIOLATIONS OF THIS
31 SUBTITLE OR REGULATIONS ISSUED UNDER THIS SUBTITLE;

32 (4) COLLECT APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
33 ADMINISTRATIVE COSTS OF THIS SUBTITLE RELATED TO LICENSING;

34 (5) DEPOSIT APPLICATION, LICENSE, AND OTHER FEES TO A BANK
35 ACCOUNT THAT THE STATE TREASURER DESIGNATES TO THE CREDIT OF THE STATE

1 LOTTERY FUND TO COVER THE ADMINISTRATIVE COSTS OF THIS SUBTITLE RELATED
2 TO LICENSING;

3 (6) LEVY AND COLLECT CIVIL PENALTIES FOR CIVIL VIOLATIONS OF
4 THE PROVISIONS OF THIS SUBTITLE OR REGULATIONS ISSUED UNDER THIS
5 SUBTITLE;

6 (7) BE PRESENT AT A VIDEO LOTTERY OPERATION THROUGH ITS
7 EMPLOYEES AND AGENTS AT ANY TIME DURING THE OPERATION OF ANY VIDEO
8 LOTTERY TERMINAL FOR THE PURPOSE OF CERTIFYING REVENUE FROM THE VIDEO
9 LOTTERY TERMINALS, RECEIVING COMPLAINTS FROM THE PUBLIC, AND
10 CONDUCTING ANY OTHER INVESTIGATION INTO THE OPERATION OF THE VIDEO
11 LOTTERY TERMINALS AND THE MAINTENANCE OF THE VIDEO LOTTERY TERMINALS
12 AND ASSOCIATED EQUIPMENT AS THE COMMISSION MAY DEEM NECESSARY AND
13 PROPER; AND

14 (8) REVIEW AND RULE ON ANY COMPLAINT BY A LICENSEE REGARDING
15 ANY INVESTIGATIVE PROCEDURES OF THE COMMISSION THAT ARE UNNECESSARILY
16 DISRUPTIVE OF VIDEO LOTTERY OPERATIONS.

17 (B) THE COMMISSION MAY:

18 (1) ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE OF WITNESSES AT
19 ANY PLACE WITHIN THE STATE;

20 (2) ADMINISTER OATHS AND REQUIRE TESTIMONY UNDER OATH
21 BEFORE THE COMMISSION IN THE COURSE OF ANY INVESTIGATION OR HEARING
22 CONDUCTED UNDER THIS SUBTITLE;

23 (3) SERVE OR CAUSE TO BE SERVED ITS PROCESS OR NOTICES IN A
24 MANNER PROVIDED FOR SERVICE OF PROCESS IN CIVIL ACTIONS UNDER THE
25 MARYLAND RULES; AND

26 (4) PROPOUND WRITTEN INTERROGATORIES.

27 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION
28 SHALL CONDUCT A HEARING IN THE SAME MANNER AS SPECIFIED IN TITLE 10,
29 SUBTITLE 2 OF THIS ARTICLE.

30 (D) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE
31 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

32 (1) ESTABLISHING THE METHODS AND FORMS OF APPLICATION THAT
33 AN APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE SHALL FOLLOW
34 AND COMPLETE BEFORE CONSIDERATION OF THE APPLICATION BY THE
35 COMMISSION;

36 (2) ESTABLISHING THE METHODS, PROCEDURES, AND FORM FOR
37 DELIVERY OF INFORMATION FROM AN APPLICANT OR LICENSEE CONCERNING ANY

1 PERSON'S FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS
2 ACTIVITIES, AND FINANCIAL AFFAIRS;

3 (3) ESTABLISHING THE PROCEDURES FOR THE FINGERPRINTING OF AN
4 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER
5 METHODS OF IDENTIFICATION THAT MAY BE NECESSARY IN THE JUDGMENT OF THE
6 COMMISSION TO ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF
7 THIS SUBTITLE;

8 (4) ESTABLISHING THE MANNER AND PROCEDURE OF HEARINGS
9 CONDUCTED BY THE COMMISSION;

10 (5) ESTABLISHING THE MANNER AND METHOD OF COLLECTION OF
11 TAXES, FEES, AND CIVIL PENALTIES;

12 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR VIDEO
13 LOTTERY TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO
14 LOTTERY TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY
15 TERMINALS;

16 (7) REGULATING THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
17 TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON THE
18 CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS AND THE
19 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
20 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

21 (8) PRESCRIBING THE GROUNDS AND PROCEDURES FOR REPRIMANDS
22 OF LICENSEES OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER
23 THIS SUBTITLE;

24 (9) GOVERNING THE MANUFACTURE, DISTRIBUTION, SALE, AND
25 SERVICING OF VIDEO LOTTERY TERMINALS;

26 (10) ESTABLISHING THE PROCEDURES, FORMS, AND METHODS OF
27 MANAGEMENT CONTROLS;

28 (11) PROVIDING FOR MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY
29 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ASSURE CONSISTENCY,
30 COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION,
31 INCLUDING PERCENTAGES OF PROFIT FOR VIDEO LOTTERY TERMINALS;

32 (12) ESTABLISHING PERIODIC FINANCIAL REPORTS AND THE FORM OF
33 THE REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
34 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER
35 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE
36 MAINTAINED BY THE VIDEO LOTTERY OPERATION LICENSEE AS REQUIRED BY THIS
37 SUBTITLE AND THE REGULATIONS THAT SHALL BE ISSUED UNDER THIS SUBTITLE;

38 (13) REQUIRING LICENSEES UNDER THIS SUBTITLE TO DEMONSTRATE
39 AND MAINTAIN FINANCIAL VIABILITY;

1 (14) ENSURE THAT THE OPERATION OF VIDEO LOTTERY TERMINALS AND
2 VIDEO LOTTERY FACILITIES IS CONDUCTED LEGALLY; AND

3 (15) OTHERWISE CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

4 (E) (1) THE COMMISSION MAY BY REGULATION REQUIRE AN APPLICANT OR
5 LICENSEE TO FILE A BOND FOR THE BENEFIT OF THE STATE FOR THE FAITHFUL
6 PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE AND ANY
7 REGULATIONS ISSUED UNDER THIS SUBTITLE.

8 (2) IF THE COMMISSION REQUIRES A BOND UNDER PARAGRAPH (1) OF
9 THIS SUBSECTION, AN APPLICANT OR LICENSEE SHALL OBTAIN AND SUBMIT
10 SATISFACTORY PROOF OF THE BOND TO THE COMMISSION BEFORE A LICENSE IS
11 ISSUED OR REISSUED.

12 (3) THE BONDS FURNISHED MAY BE APPLIED BY THE COMMISSION TO
13 THE PAYMENT OF AN UNPAID LIABILITY OF THE LICENSEE.

14 (F) (1) THE COMMISSION SHALL PROMPTLY AND THOROUGHLY
15 INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE AND REGULATIONS
16 THAT ARE ADOPTED UNDER THIS SUBTITLE.

17 (2) THE COMMISSION AND ITS EMPLOYEES AND AGENTS SHALL HAVE
18 THE AUTHORITY, WITHOUT NOTICE AND WITHOUT WARRANT, TO:

19 (I) INSPECT AND EXAMINE ALL PREMISES IN WHICH VIDEO
20 LOTTERY OPERATIONS UNDER THIS SUBTITLE ARE CONDUCTED, IN WHICH ANY
21 AUTHORIZED VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR CENTRAL
22 COMPUTER IS DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED, MANUFACTURED,
23 SOLD, DISTRIBUTED, OR SERVICED, OR IN WHICH RECORDS OF THOSE ACTIVITIES
24 ARE PREPARED OR MAINTAINED;

25 (II) INSPECT ANY VIDEO LOTTERY TERMINALS, ASSOCIATED
26 EQUIPMENT, OR CENTRAL COMPUTER IN, ABOUT, ON, OR AROUND THOSE PREMISES;

27 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND
28 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,
29 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF
30 EXAMINATION AND INSPECTION;

31 (IV) INSPECT, EXAMINE, AND AUDIT BOOKS, RECORDS, AND
32 DOCUMENTS CONCERNING A LICENSEE'S VIDEO LOTTERY OPERATIONS, INCLUDING
33 THE FINANCIAL RECORDS OF A PARENT CORPORATION, SUBSIDIARY CORPORATION,
34 OR SIMILAR BUSINESS ENTITY. A LICENSEE SHALL AUTHORIZE ANY OTHER PERSON
35 HAVING FINANCIAL RECORDS RELATING TO THE LICENSEE TO PROVIDE THOSE
36 RECORDS TO THE COMMISSION; AND

37 (V) SEIZE, IMPOUND, OR ASSUME PHYSICAL CONTROL OF BOOKS,
38 RECORDS, LEDGERS, CASH BOXES AND THEIR CONTENTS, A COUNTING ROOM OR ITS

1 EQUIPMENT, OR OTHER PHYSICAL OBJECTS RELATING TO VIDEO LOTTERY
2 OPERATIONS.

3 9-1A-05.

4 (A) THE COMMISSION MAY ISSUE THE FOLLOWING TWO CLASSES OF VIDEO
5 LOTTERY OPERATION LICENSES:

6 (1) REQUEST FOR PROPOSAL VIDEO LOTTERY OPERATION LICENSES;

7 (2) KENO VIDEO OPERATION LICENSES.

8 (B) (1) THE COMMISSION MAY AWARD NOT MORE THAN ONE REQUEST FOR
9 PROPOSAL VIDEO LOTTERY OPERATION LICENSE TO AN APPLICANT WHO IS THE
10 HOLDER OF A RACE MEETING AT LAUREL PARK IN ANNE ARUNDEL COUNTY OR THE
11 HOLDER OF THE LICENSE TO HOLD A RACE MEETING FOR THE PIMLICO RACE
12 COURSE IN BALTIMORE CITY.

13 (2) THE COMMISSION MAY AWARD NOT MORE THAN TWO OTHER
14 REQUEST FOR PROPOSAL VIDEO LOTTERY OPERATION LICENSES BASED ON AUCTION
15 BIDS TO APPLICANTS WHO:

16 (I) ARE OTHERWISE QUALIFIED; AND

17 (II) SUBMIT THE LOWEST BIDS FOR OPERATING A VIDEO LOTTERY
18 FACILITY.

19 (3) A REQUEST FOR PROPOSAL VIDEO LOTTERY OPERATION LICENSEE
20 MAY OPERATE NOT MORE THAN 1,500 VIDEO LOTTERY TERMINALS IN THE
21 LICENSEE'S VIDEO LOTTERY FACILITY.

22 (4) ONLY ONE REQUEST FOR PROPOSAL VIDEO LOTTERY OPERATION
23 TERMINAL FACILITY THAT IS NOT LICENSED TO A HOLDER OF A RACE MEETING MAY
24 BE LOCATED IN A SINGLE COUNTY.

25 (C) (1) THE COMMISSION MAY AWARD A KENO VIDEO OPERATION LICENSE
26 TO AN APPLICANT WHO HOLDS AN ALCOHOLIC BEVERAGES LICENSE AND WHO
27 OFFERS A KENO GAME TO ITS PATRONS ON THE PREMISES FOR WHICH THE
28 ALCOHOLIC BEVERAGES LICENSE WAS ISSUED.

29 (2) A KENO VIDEO OPERATION LICENSEE MAY OPERATE NOT MORE
30 THAN FIVE VIDEO LOTTERY TERMINALS ON THE PREMISES FOR WHICH THE
31 ALCOHOLIC BEVERAGES LICENSE WAS ISSUED.

32 9-1A-06.

33 (A) THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

34 (1) A VIDEO LOTTERY OPERATOR;

35 (2) A MANUFACTURER;

1 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS SECTION
2 WHO MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR PROVIDES
3 SERVICE, MAINTENANCE, OR REPAIRS FOR VIDEO LOTTERY TERMINALS; AND

4 (4) A VIDEO LOTTERY EMPLOYEE.

5 (B) THE COMMISSION MAY BY REGULATION REQUIRE A PERSON THAT
6 CONTRACTS WITH A LICENSEE AND THE PERSON'S EMPLOYEES TO OBTAIN A
7 LICENSE UNDER THIS SUBTITLE IF THE COMMISSION DETERMINES THAT THE
8 LICENSING REQUIREMENTS ARE NECESSARY IN ORDER TO PROTECT THE PUBLIC
9 INTEREST AND ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

10 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
11 UNLESS AN INDIVIDUAL HOLDS A VALID LICENSE ISSUED UNDER THIS SUBTITLE,
12 THE INDIVIDUAL MAY NOT BE EMPLOYED BY A LICENSEE AS A VIDEO LOTTERY
13 EMPLOYEE.

14 (2) THE COMMISSION BY REGULATION MAY EXEMPT CATEGORIES OF
15 VIDEO LOTTERY EMPLOYEES WHO ARE NOT DIRECTLY INVOLVED IN THE VIDEO
16 LOTTERY OPERATIONS FROM THE REQUIREMENT UNDER PARAGRAPH (1) OF THIS
17 SUBSECTION IF THE COMMISSION DETERMINES THAT THE REQUIREMENT IS NOT
18 NECESSARY IN ORDER TO PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE
19 POLICIES ESTABLISHED UNDER THIS SUBTITLE.

20 9-1A-07.

21 (A) AN APPLICANT FOR A LICENSE SHALL SUBMIT TO THE COMMISSION AN
22 APPLICATION:

23 (1) IN THE FORM THAT THE COMMISSION REQUIRES; AND

24 (2) ON OR BEFORE THE DATE SET BY THE COMMISSION.

25 (B) (1) THIS SUBSECTION DOES NOT APPLY TO LICENSE FEES FOR A VIDEO
26 LOTTERY OPERATION LICENSE.

27 (2) THE COMMISSION MAY BY REGULATION ESTABLISH A FEE FOR A
28 LICENSE UNDER THIS SUBTITLE.

29 (3) IF THE COMMISSION ESTABLISHES A FEE FOR A LICENSE, AN
30 APPLICANT SHALL SUBMIT THE FEE WITH THE APPLICATION.

31 (C) (1) APPLICANTS AND LICENSEES SHALL HAVE THE AFFIRMATIVE
32 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
33 PERSON'S QUALIFICATIONS.

34 (2) APPLICANTS AND LICENSEES SHALL PROVIDE INFORMATION
35 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING
36 TO QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION.

1 (3) APPLICANTS AND LICENSEES SHALL CONSENT TO INSPECTIONS,
2 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR REGULATIONS
3 ISSUED UNDER THIS SUBTITLE.

4 (4) (I) APPLICANTS AND LICENSEES SHALL HAVE THE CONTINUING
5 DUTY TO:

6 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
7 THE COMMISSION; AND

8 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR
9 HEARING CONDUCTED BY THE COMMISSION.

10 (II) ON ISSUANCE OF A FORMAL REQUEST TO ANSWER OR
11 PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR LICENSEE
12 REFUSES TO COMPLY, THE APPLICATION OR LICENSE OF THE PERSON MAY BE
13 DENIED, SUSPENDED, OR REVOKED BY THE COMMISSION.

14 (5) (I) IF THE APPLICANT IS AN INDIVIDUAL, THE APPLICANT SHALL
15 BE PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND
16 INVESTIGATION PURPOSES.

17 (II) IF THE APPLICANT IS NOT AN INDIVIDUAL, THE COMMISSION
18 BY REGULATION MAY ESTABLISH THE CATEGORIES OF INDIVIDUALS WHO SHALL BE
19 PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND INVESTIGATION
20 PURPOSES.

21 (6) (I) APPLICANTS AND LICENSEES SHALL HAVE A DUTY TO INFORM
22 THE COMMISSION OF AN ACT OR OMISSION THAT THE PERSON KNOWS OR SHOULD
23 KNOW CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ISSUED
24 UNDER THIS SUBTITLE.

25 (II) APPLICANTS AND LICENSEES MAY NOT DISCRIMINATE
26 AGAINST A PERSON WHO IN GOOD FAITH INFORMS THE COMMISSION OF AN ACT OR
27 OMISSION THAT THE PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS
28 SUBTITLE OR THE REGULATIONS ISSUED UNDER THIS SUBTITLE.

29 (7) APPLICANTS AND LICENSEES SHALL PRODUCE INFORMATION,
30 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING
31 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

32 (I) THE FINANCIAL STABILITY, INTEGRITY, AND RESPONSIBILITY
33 OF THE APPLICANT OR LICENSEE;

34 (II) THE INTEGRITY OF ANY FINANCIAL BACKERS, INVESTORS,
35 MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF
36 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

37 (III) THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER, HONESTY,
38 AND INTEGRITY; AND

1 (IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
2 APPLICANT OR LICENSEE.

3 (D) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED UNDER
4 THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE
5 COMMISSION, THE COMMISSION SHALL:

6 (1) REFER THE APPLICATION TO THE DEPARTMENT OF STATE POLICE
7 TO CONDUCT A BACKGROUND INVESTIGATION UNDER § 9-1A-20 OF THIS SUBTITLE
8 ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON WHO IS REQUIRED
9 TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE; AND

10 (2) IF THE APPLICANT IS APPLYING FOR A VIDEO LOTTERY OPERATION
11 LICENSE, CONDUCT A HEARING ON THE QUALIFICATIONS OF THE APPLICANT AND
12 ANY PERSON WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A
13 CONDITION OF A LICENSE.

14 (E) (1) AFTER RECEIVING THE RESULTS OF THE BACKGROUND
15 INVESTIGATION AND CONDUCTING ANY HEARING REQUIRED UNDER THIS SUBTITLE,
16 THE COMMISSION MAY EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE
17 COMMISSION DETERMINES TO BE QUALIFIED OR DENY THE LICENSE TO AN
18 APPLICANT WHOM THE COMMISSION DETERMINES TO BE NOT QUALIFIED OR
19 DISQUALIFIED.

20 (2) IF AN APPLICATION FOR A LICENSE IS DENIED, THE COMMISSION
21 SHALL PREPARE AND FILE AN ORDER DENYING THE LICENSE WITH A STATEMENT OF
22 THE REASONS FOR THE DENIAL, INCLUDING THE SPECIFIC FINDINGS OF FACT.

23 (F) EXCEPT AS PROVIDED IN § 9-1A-11 OF THIS SUBTITLE, IF SATISFIED THAT
24 AN APPLICANT IS QUALIFIED TO RECEIVE A LICENSE, AND ON TENDER OF ALL
25 REQUIRED APPLICATION, LICENSE, AND OTHER FEES AND TAXES, AND ANY BOND
26 REQUIRED UNDER § 9-1A-04(E) OF THIS SUBTITLE, THE COMMISSION SHALL ISSUE A
27 LICENSE FOR A TERM OF 1 YEAR.

28 9-1A-08.

29 (A) IN ADDITION TO OTHER INFORMATION REQUIRED BY THIS SUBTITLE, A
30 BUSINESS ENTITY APPLYING FOR A VIDEO LOTTERY OPERATION LICENSE SHALL
31 PROVIDE THE FOLLOWING INFORMATION:

32 (1) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF ALL
33 BUSINESSES OPERATED BY THE BUSINESS ENTITY;

34 (2) THE NAMES, PERSONAL EMPLOYMENT, AND CRIMINAL HISTORIES
35 OF THE OFFICERS, DIRECTORS, PARTNERS, AND PRINCIPAL EMPLOYEES OF THE
36 BUSINESS ENTITY;

37 (3) THE NAMES OF ALL HOLDING, INTERMEDIARY, AND SUBSIDIARY
38 COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES OF THE BUSINESS ENTITY;

1 (4) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF ALL
2 BUSINESSES OPERATED BY THE BUSINESS ENTITY'S HOLDING, INTERMEDIARY, AND
3 SUBSIDIARY COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES;

4 (5) THE RIGHTS AND PRIVILEGES ACQUIRED BY THE HOLDERS OF
5 DIFFERENT CLASSES OF AUTHORIZED SECURITIES, PARTNERSHIP INTERESTS, OR
6 OTHER SIMILAR OWNERSHIP INTERESTS OF THE BUSINESS ENTITY AND ITS
7 HOLDING, INTERMEDIARY, AND SUBSIDIARY COMPANIES OR OTHER SIMILAR
8 BUSINESS ENTITIES;

9 (6) THE TERMS ON WHICH THE SECURITIES, PARTNERSHIP INTERESTS,
10 OR OTHER SIMILAR OWNERSHIP INTERESTS HAVE BEEN OR ARE TO BE OFFERED;

11 (7) THE TERMS AND CONDITIONS OF ALL OUTSTANDING LOANS,
12 MORTGAGES, TRUST DEEDS, PLEDGES, OR OTHER INDEBTEDNESS OR SECURITY
13 DEVICES UTILIZED BY THE BUSINESS ENTITY;

14 (8) THE EXTENT OF THE EQUITY SECURITY HOLDING IN THE BUSINESS
15 ENTITY OF THE OFFICERS, DIRECTORS, PARTNERS, AND UNDERWRITERS AND THEIR
16 REMUNERATION IN THE FORM OF SALARY, WAGES, FEES, OR OTHERWISE;

17 (9) THE NAMES OF PERSONS OTHER THAN DIRECTORS AND OFFICERS
18 WHO OCCUPY POSITIONS SPECIFIED BY THE COMMISSION OR WHOSE
19 COMPENSATION EXCEEDS AN AMOUNT DETERMINED BY THE COMMISSION;

20 (10) THE NAMES OF PERSONS WHO OWN OR CONTROL THE BUSINESS
21 ENTITY;

22 (11) A DESCRIPTION OF ALL BONUS AND PROFIT SHARING
23 ARRANGEMENTS;

24 (12) COPIES OF MANAGEMENT AND SERVICE CONTRACTS; AND

25 (13) A LISTING OF STOCK OPTIONS.

26 (B) IF A BUSINESS ENTITY THAT APPLIES FOR A VIDEO LOTTERY OPERATION
27 LICENSE IS A SUBSIDIARY OR IF A BUSINESS ENTITY HOLDING A VIDEO LOTTERY
28 OPERATION LICENSE IS TO BECOME A SUBSIDIARY, EACH HOLDING COMPANY AND
29 EACH INTERMEDIARY COMPANY WITH RESPECT TO THE BUSINESS ENTITY SHALL, AS
30 A CONDITION OF THE SUBSIDIARY ACQUIRING OR RETAINING A VIDEO LOTTERY
31 OPERATION LICENSE:

32 (1) QUALIFY TO DO BUSINESS IN THE STATE; OR

33 (2) FURNISH THE COMMISSION WITH THE INFORMATION REQUIRED
34 UNDER SUBSECTION (A) OF THIS SECTION AND OTHER INFORMATION THAT THE
35 COMMISSION MAY REQUIRE.

36 (C) AN INDIVIDUAL APPLYING FOR A VIDEO LOTTERY OPERATION LICENSE
37 SHALL PROVIDE, TO THE EXTENT APPLICABLE TO AN INDIVIDUAL, THE

1 INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION IN THE FORM
2 REQUIRED BY THE COMMISSION.

3 (D) THE COMMISSION SHALL DENY A VIDEO LOTTERY OPERATION LICENSE
4 TO AN APPLICANT WHO IS DISQUALIFIED ON THE BASIS OF ANY OF THE FOLLOWING
5 CRITERIA:

6 (1) FAILURE OF THE APPLICANT TO PROVE BY CLEAR AND CONVINCING
7 EVIDENCE THAT THE APPLICANT AND EACH PERSON WHO OWNS OR CONTROLS THE
8 APPLICANT ARE QUALIFIED UNDER THE PROVISIONS OF THIS SUBTITLE;

9 (2) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
10 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO PROVIDE
11 INFORMATION, DOCUMENTATION, AND ASSURANCES REQUIRED BY THIS SUBTITLE
12 OR REQUESTED BY THE COMMISSION;

13 (3) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
14 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO REVEAL ANY
15 FACT MATERIAL TO QUALIFICATION;

16 (4) SUPPLYING, BY THE APPLICANT OR ANY PERSON REQUIRED TO BE
17 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE, INFORMATION
18 THAT IS UNTRUE OR MISLEADING AS TO A MATERIAL FACT CONCERNING THE
19 QUALIFICATION CRITERIA;

20 (5) CONVICTION OF THE APPLICANT OR OF ANY PERSON REQUIRED TO
21 BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE OF AN
22 OFFENSE UNDER THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN
23 THE UNITED STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE
24 OR A GAMBLING OFFENSE;

25 (6) CURRENT PROSECUTION OF THE APPLICANT OR A PERSON WHO IS
26 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
27 FOR AN OFFENSE DESCRIBED UNDER ITEM (5) OF THIS SUBSECTION; HOWEVER, AT
28 THE REQUEST OF THE APPLICANT, THE COMMISSION MAY DEFER DECISION ON THE
29 APPLICATION DURING THE PENDENCY OF THE CHARGE;

30 (7) PURSUIT BY THE APPLICANT OR A PERSON WHO IS REQUIRED TO BE
31 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE OF ECONOMIC
32 GAIN IN AN OCCUPATIONAL MANNER OR CONTEXT THAT IS IN VIOLATION OF THE
33 LAWS OF THE STATE, IF THE PURSUIT CREATES A REASONABLE BELIEF THAT
34 PARTICIPATION OF THE APPLICANT IN VIDEO LOTTERY OPERATIONS WOULD BE
35 INIMICAL TO THE POLICIES OF THIS SUBTITLE;

36 (8) IDENTIFICATION OF THE APPLICANT OR A PERSON WHO IS
37 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
38 AS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER CARTEL OR AN
39 ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER
40 THAT CREATES A REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS
41 TO BE INIMICAL TO THE POLICIES OF THIS SUBTITLE;

1 (9) COMMITTING OF AN ACT BY THE APPLICANT OR A PERSON WHO IS
2 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
3 THAT WOULD CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (5) OF THIS
4 SUBSECTION, EVEN IF THE ACT HAS NOT BEEN OR MAY NOT BE PROSECUTED UNDER
5 THE CRIMINAL LAWS OF THE STATE;

6 (10) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON WHO IS
7 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
8 OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL INVESTIGATORY
9 BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE UNITED STATES
10 WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES RELATING TO
11 GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY; AND

12 (11) ANY OTHER REASON ESTABLISHED IN REGULATIONS OF THE
13 COMMISSION AS A REASON FOR DENYING A LICENSE.

14 9-1A-09.

15 (A) (1) IF A VIDEO LOTTERY OPERATION LICENSE HAS BEEN ISSUED FOR
16 THE PIMLICO RACE COURSE OR LAUREL PARK, THE VIDEO LOTTERY OPERATION
17 LICENSE FOR EACH LOCATION SHALL BE REVOKED IF THE NAME, COMMON LAW AND
18 STATUTORY COPYRIGHTS, SERVICE MARKS, TRADEMARKS, TRADE NAMES, OR HORSE
19 RACING EVENTS THAT ARE ASSOCIATED WITH THE PREAKNESS STAKES OR THE
20 WOODLAWN VASE ARE TRANSFERRED TO A LOCATION OUTSIDE OF THE STATE.

21 (2) AS AN ADDITIONAL CONDITION OF A VIDEO LOTTERY OPERATION
22 LICENSE, THE LICENSEES DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION
23 SHALL BE REQUIRED TO:

24 (I) PROMOTE AND CONDUCT THE PREAKNESS STAKES AT THE
25 PIMLICO RACE COURSE EACH YEAR; OR

26 (II) IF THE PIMLICO RACE COURSE NO LONGER EXISTS, THE
27 PREAKNESS STAKES RACE IS PREVENTED FROM BEING CONDUCTED AT THE PIMLICO
28 RACE COURSE, OR THE STATE RACING COMMISSION, UNDER § 11-513 OF THE
29 BUSINESS REGULATION ARTICLE, DEEMS AN EMERGENCY EXISTS, PROMOTE AND
30 CONDUCT THE PREAKNESS STAKES RACE EACH YEAR AT ANOTHER TRACK LOCATED
31 IN THE STATE THAT IS APPROVED BY THE STATE RACING COMMISSION.

32 (B) IF A LICENSEE HAS BEEN ISSUED A VIDEO LOTTERY LICENSE FOR LAUREL
33 PARK, THE EVENT KNOWN AS THE MARYLAND MILLION SHALL BE RUN ANNUALLY
34 AT LAUREL PARK UNLESS:

35 (1) THE LICENSEE IS PREVENTED FROM DOING SO BY WEATHER, ACTS
36 OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE CONTROL OF THE LICENSEE; OR

37 (2) THE LICENSEE AND THE MARYLAND MILLION LLC AGREE TO
38 ANOTHER LOCATION THAT IS APPROVED BY THE STATE RACING COMMISSION.

1 (C) (1) AS A CONDITION OF CONTINUED LICENSURE, EACH LICENSEE
2 SHALL DEVELOP AND SUBMIT TO THE COMMISSION A MULTIYEAR PLAN TO IMPROVE
3 THE QUALITY AND MARKETING OF HORSE RACING AT THE LOCATION WHERE THE
4 LICENSE IS GRANTED.

5 (2) EACH PLAN SHALL INCLUDE:

6 (I) GOALS, INDICATORS, AND TIMELINES FOR SPECIFIC ACTIONS
7 THAT WILL BE TAKEN BY THE LICENSEE TO IMPROVE THE QUALITY AND MARKETING
8 OF THE HORSE RACING INDUSTRY IN MARYLAND; AND

9 (II) A MASTER PLAN FOR CAPITAL IMPROVEMENTS THAT
10 REFLECTS, AT A MINIMUM:

11 1. COMMITMENTS THAT HAVE BEEN MADE TO THE STATE
12 RACING COMMISSION;

13 2. AN ONGOING INVESTMENT IN CAPITAL MAINTENANCE
14 AND IMPROVEMENTS IN THE HORSE RACING FACILITIES THAT ARE NOT IN
15 ALLEGANY COUNTY OF AT LEAST \$4,000,000 ANNUALLY; AND

16 3. AN ONGOING INVESTMENT IN CAPITAL MAINTENANCE
17 AND IMPROVEMENTS IN THE HORSE RACING FACILITIES IN ALLEGANY COUNTY OF
18 AT LEAST \$1,150,000 ANNUALLY.

19 (3) (I) HOLDERS OF A LICENSE ISSUED BY THE RACING COMMISSION
20 THAT RECEIVE A SHARE OF THE PROCEEDS UNDER THIS SUBTITLE SHALL JOINTLY
21 DEVELOP A MULTIYEAR PLAN TO IMPROVE THE QUALITY AND MARKETING OF THE
22 HORSE RACING INDUSTRY IN MARYLAND.

23 (II) THE JOINT PLAN SHALL INCLUDE GOALS, INDICATORS, AND
24 TIMELINES FOR SPECIFIC ACTIONS THAT WILL BE TAKEN BY THE THOROUGHBRED
25 AND HARNESS RACING INDUSTRY TO IMPROVE THE QUALITY AND MARKETING OF
26 THE HORSE RACING INDUSTRY IN MARYLAND, INCLUDING JOINT MARKETING
27 EFFORTS.

28 (D) THE PLANS REQUIRED UNDER SUBSECTION (C) OF THIS SECTION SHALL
29 ALSO BE PROVIDED TO THE STATE RACING COMMISSION AND TO THE LEGISLATIVE
30 POLICY COMMITTEE OF THE GENERAL ASSEMBLY.

31 9-1A-10.

32 ON OR BEFORE OCTOBER 1, 2004, AN APPLICANT FOR A REQUEST FOR PROPOSAL
33 LICENSE SHALL SUBMIT TO THE COMMISSION AN APPLICATION AS PROVIDED IN
34 THIS SUBTITLE AND A \$5,000,000 APPLICATION FEE.

35 9-1A-11.

36 IF A VIDEO LOTTERY OPERATION LICENSEE CONTRACTS WITH ANOTHER
37 PERSON OTHER THAN AN EMPLOYEE OF THE VIDEO LOTTERY OPERATION LICENSEE

1 TO PROVIDE ANY OF THE SERVICES RELATED TO OPERATING A VIDEO LOTTERY
2 FACILITY, EACH PERSON AND EACH OTHER PERSON WHO OWNS OR CONTROLS THE
3 PERSON OR MANAGEMENT AND SUPERVISORY PERSONNEL AND OTHER PRINCIPAL
4 EMPLOYEES OF THE PERSON SHALL QUALIFY UNDER THE STANDARDS AND
5 PROVISIONS SET FORTH IN §§ 9-1A-07 AND 9-1A-08 OF THIS SUBTITLE FOR VIDEO
6 LOTTERY OPERATION LICENSEES.

7 9-1A-12.

8 (A) THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE IS 15
9 YEARS.

10 (B) DURING THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE,
11 THE LICENSEE SHALL PROVIDE THE COMMISSION AN ANNUAL UPDATE OF THE
12 INFORMATION REQUIRED UNDER THIS SUBTITLE FOR THE ISSUANCE OF A LICENSE
13 BY THE DATE SET BY THE COMMISSION IN REGULATIONS AND ON THE FORM
14 REQUIRED BY THE COMMISSION.

15 (C) AT THE END OF THE INITIAL 15-YEAR LICENSE TERM, A VIDEO LOTTERY
16 OPERATION LICENSEE MAY REAPPLY FOR A LICENSE THAT HAS A LICENSE TERM OF
17 10 YEARS AND LICENSE FEE TO BE ESTABLISHED BY STATUTE.

18 (D) IF A LICENSEE HAS ITS LICENSE REVOKED OR OTHERWISE SURRENDERS
19 THE LICENSE, THE VIDEO LOTTERY OPERATION LICENSE REVERTS TO THE STATE.

20 9-1A-13.

21 (A) UNLESS AN INDIVIDUAL HOLDS A VALID VIDEO LOTTERY EMPLOYEE
22 LICENSE ISSUED BY THE COMMISSION, THE INDIVIDUAL MAY NOT BE EMPLOYED BY
23 A VIDEO LOTTERY OPERATION LICENSEE AS A VIDEO LOTTERY EMPLOYEE.

24 (B) BEFORE ISSUANCE OF A VIDEO LOTTERY EMPLOYEE LICENSE, AN
25 APPLICANT SHALL PROVIDE SUFFICIENT INFORMATION, DOCUMENTATION, AND
26 ASSURANCES THAT THE COMMISSION MAY REQUIRE.

27 (C) THE COMMISSION SHALL DENY A VIDEO LOTTERY EMPLOYEE LICENSE TO
28 AN APPLICANT WHO IS DISQUALIFIED DUE TO:

29 (1) THE APPLICANT'S FAILURE TO PROVE THE APPLICANT'S GOOD
30 CHARACTER, HONESTY, AND INTEGRITY;

31 (2) THE APPLICANT'S LACK OF EXPERTISE OR TRAINING TO BE A VIDEO
32 LOTTERY EMPLOYEE;

33 (3) THE APPLICANT'S CONVICTION FOR ANY CRIME INVOLVING MORAL
34 TURPITUDE OR GAMBLING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE;

35 (4) THE APPLICANT'S CURRENT PROSECUTION FOR ANY CRIME
36 INVOLVING MORAL TURPITUDE OR GAMBLING UNDER THE LAWS OF THE UNITED
37 STATES OR ANY STATE, BUT, AT THE REQUEST OF THE APPLICANT, THE COMMISSION

1 MAY DEFER A DECISION ON THE APPLICATION DURING THE PENDENCY OF THE
2 CHARGE;

3 (5) PURSUIT BY THE APPLICANT OF ECONOMIC GAIN IN AN
4 OCCUPATIONAL MANNER OR CONTEXT THAT IS IN VIOLATION OF THE LAWS OF THE
5 STATE, IF THE PURSUIT CREATES A REASONABLE BELIEF THAT PARTICIPATION OF
6 THE APPLICANT IN VIDEO LOTTERY OPERATIONS WOULD BE INIMICAL TO THE
7 POLICIES OF THIS SUBTITLE;

8 (6) IDENTIFICATION OF THE APPLICANT AS A CAREER OFFENDER OR A
9 MEMBER OF A CAREER OFFENDER CARTEL OR AN ASSOCIATE OF A CAREER
10 OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER THAT CREATES A
11 REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS TO BE INIMICAL
12 TO THE POLICIES OF THIS SUBTITLE;

13 (7) COMMISSION OF AN ACT BY THE APPLICANT THAT WOULD
14 CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (3) OF THIS SUBSECTION, EVEN
15 IF THE ACT HAS NOT OR MAY NOT BE PROSECUTED UNDER THE CRIMINAL LAWS OF
16 THE STATE;

17 (8) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON WHO IS
18 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
19 OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL INVESTIGATORY
20 BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE UNITED STATES
21 WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES RELATING TO
22 GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY; AND

23 (9) ANY OTHER REASON ESTABLISHED IN THE REGULATIONS OF THE
24 COMMISSION AS A REASON FOR DENYING A LICENSE.

25 9-1A-14.

26 (A) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER LICENSE
27 ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A LICENSEE OR
28 THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO LOTTERY TERMINAL,
29 ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR SERVICES THAT
30 DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY TERMINALS UNDER THIS
31 SUBTITLE.

32 (B) EACH MANUFACTURER, AND EACH PERSON WHO OWNS OR CONTROLS
33 THE MANUFACTURER OR MANAGEMENT AND SUPERVISORY PERSONNEL AND OTHER
34 PRINCIPAL EMPLOYEES OF THE MANUFACTURER SHALL QUALIFY UNDER THE
35 STANDARDS AND PROVISIONS SET FORTH IN §§ 9-1A-07 AND 9-1A-08 OF THIS
36 SUBTITLE FOR VIDEO LOTTERY OPERATION LICENSEES.

37 (C) EXCEPT AS PROVIDED IN § 9-1A-15(A) OF THIS SUBTITLE, THE
38 COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF ANY LICENSING
39 REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A MANUFACTURER LICENSE.

1 (D) A MANUFACTURER OF THE VIDEO LOTTERY TERMINALS, ASSOCIATED
2 EQUIPMENT, AND CENTRAL COMPUTER SHALL MANUFACTURE OR DISTRIBUTE THE
3 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER
4 THAT MEET SPECIFICATIONS AND PROCEDURES ESTABLISHED BY THE COMMISSION.

5 9-1A-15.

6 (A) FOR ALL LICENSES REQUIRED UNDER THIS SUBTITLE OTHER THAN A
7 VIDEO LOTTERY OPERATION LICENSE, IF AN APPLICANT OR LICENSEE HOLDS A
8 VALID LICENSE IN ANOTHER STATE AND THE COMMISSION DETERMINES THAT THE
9 LICENSING STANDARDS OF THE OTHER STATE ARE COMPREHENSIVE, THOROUGH,
10 AND PROVIDE SIMILAR ADEQUATE SAFEGUARDS TO THOSE PROVIDED IN THIS
11 SUBTITLE, THE COMMISSION MAY:

12 (1) WAIVE SOME OR ALL OF THE REQUIREMENTS OF THIS SUBTITLE;
13 AND

14 (2) ISSUE A LICENSE TO A PERSON HAVING A SIMILAR LICENSE IN
15 ANOTHER STATE.

16 (B) (1) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON THE
17 REQUEST OF AN APPLICANT, THE COMMISSION MAY GRANT AN EXEMPTION OR
18 WAIVER OF A LICENSING REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE IF
19 THE COMMISSION DETERMINES THAT THE REQUIREMENT OR GROUNDS FOR DENIAL
20 OF A LICENSE AS APPLIED TO THE APPLICANT ARE NOT NECESSARY IN ORDER TO
21 PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE POLICIES ESTABLISHED BY
22 THIS SUBTITLE.

23 (2) ON GRANTING TO AN APPLICANT AN EXEMPTION OR WAIVER OF A
24 LICENSING REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE, OR AT ANY TIME
25 AFTER A WAIVER OR EXEMPTION HAS BEEN GRANTED, THE COMMISSION MAY:

26 (I) LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR
27 WAIVER AS THE COMMISSION CONSIDERS NECESSARY IN THE PUBLIC INTEREST;
28 AND

29 (II) REQUIRE THE PERSON WHO IS GRANTED THE EXEMPTION OR
30 WAIVER TO COOPERATE WITH THE COMMISSION AND TO PROVIDE THE COMMISSION
31 WITH ANY ADDITIONAL INFORMATION REQUIRED BY THE COMMISSION AS A
32 CONDITION OF THE WAIVER OR EXEMPTION.

33 (C) THE COMMISSION MAY NOT WAIVE ANY OF THE REQUIREMENTS OF THIS
34 SUBTITLE FOR ISSUANCE OF A VIDEO LOTTERY OPERATION LICENSE.

35 9-1A-16.

36 SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR SUSPEND
37 A LICENSE, A LICENSE IN FORCE MAY BE RENEWED BY THE COMMISSION FOR THE
38 NEXT SUCCEEDING LICENSE PERIOD ON:

1 (1) PROPER APPLICATION FOR RENEWAL; AND

2 (2) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND OTHER
3 FEES AND TAXES.

4 9-1A-17.

5 (A) BECAUSE THE PUBLIC HAS A VITAL INTEREST IN VIDEO LOTTERY
6 OPERATIONS AND HAS ESTABLISHED A LIMITED EXCEPTION TO THE POLICY OF THE
7 STATE CONCERNING GAMBLING FOR PRIVATE GAIN, PARTICIPATION IN VIDEO
8 LOTTERY OPERATIONS BY A LICENSEE UNDER THIS SUBTITLE SHALL BE DEEMED A
9 REVOCABLE PRIVILEGE CONDITIONED ON THE PROPER AND CONTINUED
10 QUALIFICATION OF THE LICENSEE AND ON THE DISCHARGE OF THE AFFIRMATIVE
11 RESPONSIBILITY OF EACH LICENSEE TO PROVIDE TO THE REGULATORY AND
12 INVESTIGATORY AUTHORITIES UNDER THIS SUBTITLE OR ANY OTHER PROVISION OF
13 LAW, ANY ASSISTANCE AND INFORMATION NECESSARY TO ASSURE THAT THE
14 POLICIES DECLARED BY THIS SUBTITLE ARE ACHIEVED.

15 (B) CONSISTENT WITH THE POLICY DESCRIBED IN SUBSECTION (A) OF THIS
16 SECTION, IT IS THE INTENT OF THIS SECTION TO:

17 (1) PRECLUDE:

18 (I) THE CREATION OF ANY PROPERTY RIGHT IN ANY LICENSE
19 REQUIRED UNDER THIS SUBTITLE;

20 (II) THE ACCRUAL OF ANY VALUE TO THE PRIVILEGE OF
21 PARTICIPATION IN VIDEO LOTTERY OPERATIONS; AND

22 (III) THE TRANSFER OF ANY LICENSE ISSUED UNDER THIS
23 SUBTITLE; AND

24 (2) REQUIRE THAT PARTICIPATION IN VIDEO LOTTERY OPERATIONS BE
25 CONDITIONED SOLELY ON THE CONTINUING INDIVIDUAL QUALIFICATIONS OF THE
26 PERSON WHO SEEKS THE PRIVILEGE.

27 9-1A-18.

28 (A) A LICENSE ISSUED UNDER THIS SUBTITLE MAY NOT BE:

29 (1) TRANSFERRED OR ASSIGNED TO ANOTHER PERSON; OR

30 (2) PLEDGED AS COLLATERAL.

31 (B) (1) A LICENSEE MAY NOT SELL OR OTHERWISE TRANSFER MORE THAN
32 5% OF THE LEGAL OR BENEFICIAL INTERESTS OF THE PERSON UNLESS:

33 (I) THE PERSON NOTIFIES THE COMMISSION OF THE PROPOSED
34 SALE OR TRANSFER; AND

1 (II) THE COMMISSION DETERMINES THAT THE PROPOSED BUYER
2 OR TRANSFEREE MEETS THE REQUIREMENTS OF THIS SUBTITLE.

3 (2) UNLESS THE COMMISSION NEEDS A LONGER TIME TO DETERMINE
4 WHETHER THE PROPOSED BUYER OR TRANSFEREE MEETS THE REQUIREMENTS OF
5 THIS SUBTITLE, IF THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION ARE
6 NOT SATISFIED, A LICENSE ISSUED UNDER THIS SUBTITLE IS AUTOMATICALLY
7 REVOKED 90 DAYS AFTER THE SALE OR TRANSFER.

8 9-1A-19.

9 (A) THE DEPARTMENT OF STATE POLICE SHALL:

10 (1) CONDUCT A BACKGROUND INVESTIGATION OF EACH APPLICANT IN
11 A TIMELY MANNER; AND

12 (2) COOPERATE WITH THE COMMISSION IN OBTAINING AND PROVIDING
13 THE NECESSARY BACKGROUND INVESTIGATION INFORMATION.

14 (B) (1) AN APPLICANT SHALL PROVIDE THE DEPARTMENT OF STATE POLICE
15 WITH ALL INFORMATION THE DEPARTMENT REQUIRES IN ORDER TO CONDUCT A
16 BACKGROUND INVESTIGATION.

17 (2) FAILURE TO PROVIDE TIMELY OR ACCURATE INFORMATION IS
18 GROUNDS FOR THE COMMISSION TO DENY AN APPLICATION.

19 (C) (1) THE DEPARTMENT OF STATE POLICE SHALL APPLY TO THE CENTRAL
20 REPOSITORY FOR A STATE AND A NATIONAL CRIMINAL HISTORY RECORDS CHECK
21 FOR EACH APPLICANT.

22 (2) AS PART OF THE APPLICATION FOR A CRIMINAL HISTORY RECORDS
23 CHECK, THE DEPARTMENT OF STATE POLICE SHALL SUBMIT TO THE CENTRAL
24 REPOSITORY:

25 (I) TWO COMPLETE SETS OF THE APPLICANT'S LEGIBLE
26 FINGERPRINTS TAKEN ON FORMS APPROVED BY THE DIRECTOR OF THE CENTRAL
27 REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION;

28 (II) THE FEE AUTHORIZED UNDER § 10-221(B)(7) OF THE CRIMINAL
29 PROCEDURE ARTICLE FOR ACCESS TO MARYLAND CRIMINAL HISTORY RECORDS; AND

30 (III) THE MANDATORY PROCESSING FEE REQUIRED BY THE
31 FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY
32 RECORDS CHECK.

33 (3) IN ACCORDANCE WITH §§ 10-201 THROUGH 10-234 OF THE CRIMINAL
34 PROCEDURE ARTICLE, THE CENTRAL REPOSITORY SHALL FORWARD TO THE
35 APPLICANT AND THE DEPARTMENT OF STATE POLICE A PRINTED STATEMENT OF
36 THE APPLICANT'S CRIMINAL HISTORY RECORD INFORMATION.

1 (4) THE SUBJECT OF A CRIMINAL HISTORY RECORDS CHECK UNDER
2 THIS SECTION MAY CONTEST THE CONTENTS OF THE PRINTED STATEMENT ISSUED
3 BY THE CENTRAL REPOSITORY AS PROVIDED IN § 10-223 OF THE CRIMINAL
4 PROCEDURE ARTICLE.

5 (D) AFTER COMPLETION OF THE BACKGROUND INVESTIGATION OF AN
6 APPLICANT, THE DEPARTMENT OF STATE POLICE SHALL PROMPTLY FORWARD THE
7 RESULTS OF THE INVESTIGATION TO THE COMMISSION.

8 9-1A-20.

9 (A) EACH VIDEO LOTTERY TERMINAL DEVICE, THE ASSOCIATED EQUIPMENT,
10 AND THE CENTRAL COMPUTER SHALL BE:

11 (1) OWNED OR LEASED BY THE COMMISSION; AND

12 (2) UNDER THE CONTROL OF THE COMMISSION.

13 (B) (1) SUBJECT TO THE COMMISSION'S ABILITY TO CANCEL OR ALTER THE
14 CONTRACT IN THE EVENT ONE OR MORE ELIGIBLE APPLICANTS FOR A VIDEO
15 LOTTERY FACILITY FAILS TO OBTAIN A LICENSE, THE COMMISSION SHALL
16 CONTRACT WITH ONE OR MORE LICENSED MANUFACTURERS FOR THE LEASE OR
17 PURCHASE OF THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND
18 CENTRAL COMPUTER AUTHORIZED UNDER THIS SUBTITLE.

19 (2) (I) PROVIDED THE VIDEO LOTTERY TERMINALS MEET
20 COMMISSION SPECIFICATIONS, A VIDEO LOTTERY OPERATION LICENSEE MAY
21 SELECT FROM A MANUFACTURER LICENSED UNDER THIS SUBTITLE THE TYPES OF
22 VIDEO LOTTERY TERMINALS THAT THE LICENSEE DESIRES TO INSTALL IN THE
23 FACILITY.

24 (II) UNLESS THE REQUEST OF THE VIDEO LOTTERY OPERATION
25 LICENSEE IS UNREASONABLE, THE COMMISSION SHALL PURCHASE OR LEASE THE
26 VIDEO LOTTERY TERMINALS SELECTED BY THE LICENSEE.

27 9-1A-21.

28 THE COMMISSION MAY AUTHORIZE A MAXIMUM OF 10,000 VIDEO LOTTERY
29 TERMINALS FOR OPERATION, OF WHICH:

30 (1) NOT MORE THAN 5,000 MAY BE REQUEST FOR PROPOSAL VIDEO
31 LOTTERY TERMINALS; AND

32 (2) NOT MORE THAN 5,000 MAY BE KENO VIDEO LOTTERY TERMINALS.

33 9-1A-22.

34 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS
35 SUBSECTION, A VIDEO LOTTERY TERMINAL SHALL HAVE AN AVERAGE ANNUAL
36 PAYOUT PERCENTAGE OF 87%.

1 (2) THE COMMISSION MAY BY REGULATION ESTABLISH AN AVERAGE
2 ANNUAL PAYOUT PERCENTAGE OF MORE THAN 87% BUT NOT MORE THAN 95% FOR
3 VIDEO LOTTERY TERMINALS.

4 (3) THE COMMISSION MAY APPROVE AN AVERAGE ANNUAL PAYOUT
5 PERCENTAGE OF MORE THAN 95% FOR THE VIDEO LOTTERY TERMINALS AT A VIDEO
6 LOTTERY FACILITY.

7 (B) (1) A VIDEO LOTTERY FACILITY IN WHICH REQUEST FOR PROPOSAL
8 VIDEO LOTTERY TERMINALS ARE LOCATED MAY OPERATE DAILY FROM 8 A.M. TO 2
9 A.M.

10 (2) THE HOURS OF OPERATION FOR A PREMISES IN WHICH KENO VIDEO
11 LOTTERY TERMINALS ARE LOCATED SHALL REMAIN UNCHANGED.

12 (C) A VIDEO LOTTERY OPERATOR LICENSEE SHALL BE RESPONSIBLE FOR ALL
13 MARKETING, ADVERTISING, AND PROMOTION FOR ITS VIDEO LOTTERY OPERATION.

14 9-1A-23.

15 (A) THE COMMISSION SHALL ENSURE THAT A VIDEO LOTTERY OPERATION
16 LICENSEE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION AS A CONDITION
17 OF HOLDING THE VIDEO LOTTERY OPERATION LICENSE.

18 (B) (1) A VIDEO LOTTERY OPERATION LICENSEE MAY NOT PROVIDE FOOD
19 OR BEVERAGES, INCLUDING ALCOHOLIC BEVERAGES, TO INDIVIDUALS AT NO COST.

20 (2) ANY FOOD OR BEVERAGES, INCLUDING ALCOHOLIC BEVERAGES,
21 OFFERED BY A VIDEO LOTTERY OPERATION LICENSEE FOR SALE TO INDIVIDUALS
22 MAY ONLY BE OFFERED AT PRICES THAT ARE DETERMINED BY THE COMMISSION TO
23 BE COMMENSURATE WITH THE PRICE OF SIMILAR TYPES OF FOOD AND BEVERAGES
24 AT RESTAURANTS IN THE COUNTY IN WHICH THE VIDEO LOTTERY FACILITY IS
25 LOCATED.

26 (C) A VIDEO LOTTERY OPERATION LICENSEE SHALL ENSURE THAT
27 INTOXICATED INDIVIDUALS AND INDIVIDUALS UNDER THE AGE OF 21 YEARS ARE
28 NOT PERMITTED TO PLAY VIDEO LOTTERY TERMINALS AND ARE NOT PERMITTED IN
29 AREAS OF THE VIDEO LOTTERY FACILITY LOCATION WHERE VIDEO LOTTERY
30 TERMINALS ARE LOCATED.

31 (D) (1) BY REGULATION, THE COMMISSION SHALL PROVIDE FOR THE
32 ESTABLISHMENT OF A LIST OF INDIVIDUALS WHO ARE TO BE MANDATORILY
33 EXCLUDED OR EJECTED BY A VIDEO LOTTERY OPERATION LICENSEE FROM ANY
34 VIDEO LOTTERY OPERATION LICENSED UNDER THIS SUBTITLE.

35 (2) THE REGULATIONS UNDER THIS SUBSECTION SHALL DEFINE THE
36 STANDARDS FOR EXCLUSION OR EJECTION AND SHALL INCLUDE STANDARDS
37 RELATING TO INDIVIDUALS:

1 (I) WHO ARE CAREER OFFENDERS AS DEFINED BY REGULATIONS
2 ADOPTED BY THE COMMISSION;

3 (II) WHO HAVE BEEN CONVICTED OF A CRIMINAL OFFENSE UNDER
4 THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN THE UNITED
5 STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE OR A
6 GAMBLING OFFENSE; OR

7 (III) WHOSE PRESENCE IN THE ESTABLISHMENT OF A LICENSEE
8 WOULD BE ADVERSE TO THE INTEREST OF THE STATE, THE LICENSEE, OR THE
9 PERSON.

10 (3) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
11 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
12 EXCLUDE OR EJECT FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL PLACED
13 BY THE COMMISSION ON THE LIST OF INDIVIDUALS TO BE EXCLUDED OR EJECTED.

14 (4) AN ORDER UNDER THIS SUBSECTION SHALL BE SUBJECT TO
15 JUDICIAL REVIEW.

16 (5) RACE, COLOR, CREED, NATIONAL ORIGIN OR ANCESTRY, OR GENDER
17 MAY NOT BE A REASON FOR PLACING THE NAME OF AN INDIVIDUAL ON THE LIST OF
18 INDIVIDUALS TO BE EXCLUDED OR EJECTED.

19 (E) (1) BY REGULATION, THE COMMISSION SHALL ADOPT MEASURES THAT
20 ARE INTENDED TO REDUCE OR MITIGATE THE EFFECTS OF PROBLEM GAMING.

21 (2) (I) THE REGULATIONS SHALL INCLUDE ESTABLISHMENT OF A
22 VOLUNTARY EXCLUSION LIST OF INDIVIDUALS WITH GAMING PROBLEMS WHO HAVE
23 REQUESTED TO BE EXCLUDED FROM ANY VIDEO LOTTERY OPERATION LICENSED
24 UNDER THIS SUBTITLE.

25 (II) THE REGULATIONS UNDER THIS PARAGRAPH SHALL PROVIDE A
26 SIMPLE MECHANISM FOR AN INDIVIDUAL WHO IS SOBER AND INFORMED TO
27 REQUEST PLACEMENT ON THE VOLUNTARY EXCLUSION LIST FOR A SPECIFIED
28 PERIOD OF TIME.

29 (III) A VIDEO LOTTERY OPERATION LICENSEE MAY NOT PERMIT AN
30 INDIVIDUAL ON THE VOLUNTARY EXCLUSION LIST TO ENTER INTO THE VIDEO
31 LOTTERY FACILITY OR TO PLAY A VIDEO LOTTERY TERMINAL.

32 (IV) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
33 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
34 EXCLUDE FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL ON THE
35 VOLUNTARY EXCLUSION LIST.

36 (3) IN ORDER TO PROTECT THE PUBLIC INTEREST, THE REGULATIONS
37 SHALL INCLUDE PROVISIONS THAT:

1 (I) LIMIT THE NUMBER, LOCATION, AND MAXIMUM WITHDRAWAL
2 AMOUNTS FOR AUTOMATED TELLER MACHINES;

3 (II) REQUIRE PAYOUTS ABOVE AN AMOUNT ADOPTED BY THE
4 COMMISSION TO BE MADE BY CHECK;

5 (III) REQUIRE CONSPICUOUS DISCLOSURES RELATED TO THE ODDS
6 AND PAYOUT OF VIDEO LOTTERY TERMINALS;

7 (IV) LIMIT THE DOLLAR AMOUNT THAT VIDEO LOTTERY TERMINALS
8 WILL ACCEPT;

9 (V) PROHIBIT THE USE OF SPECIFIED NEGOTIABLE INSTRUMENTS
10 AT VIDEO LOTTERY FACILITIES AND THE USE OF CREDIT CARDS, DEBIT CARDS, AND
11 SIMILAR DEVICES IN VIDEO LOTTERY TERMINALS;

12 (VI) PROVIDE CONSUMERS WITH A RECORD OF VIDEO LOTTERY
13 TERMINAL SPENDING LEVELS IF MARKETING MEASURES ARE UTILIZED THAT TRACK
14 CONSUMER SPENDING AT VIDEO LOTTERY FACILITIES; AND

15 (VII) PROHIBIT VIDEO LOTTERY OPERATION LICENSEES FROM
16 ENGAGING IN OR CONTRACTING WITH ANOTHER TO ENGAGE IN PREDATORY
17 MARKETING PRACTICES.

18 9-1A-24.

19 (A) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT, REPRIMAND
20 OR FINE A LICENSEE, OR SUSPEND OR REVOKE A LICENSE FOR A VIOLATION OF:

21 (1) THIS SUBTITLE;

22 (2) A REGULATION ADOPTED UNDER THIS SUBTITLE; OR

23 (3) A CONDITION THAT THE COMMISSION SETS.

24 (B) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS
25 SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000.

26 (2) EACH DAY THAT A PERSON IS IN VIOLATION UNDER THIS SECTION
27 SHALL BE CONSIDERED A SEPARATE VIOLATION.

28 (3) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER
29 PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER:

30 (I) THE SERIOUSNESS OF THE VIOLATION;

31 (II) THE HARM CAUSED BY THE VIOLATION; AND

32 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON
33 WHO COMMITTED THE VIOLATION.

1 (C) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SUBTITLE,
2 NOTHING CONTAINED IN THIS SUBTITLE ABROGATES OR LIMITS THE CRIMINAL
3 LAWS OF THE STATE OR LIMITS THE AUTHORITY OF THE GENERAL ASSEMBLY TO
4 ENACT STATUTES ESTABLISHING CRIMINAL OFFENSES AND PENALTIES RELATING
5 TO VIDEO LOTTERY OPERATIONS.

6 9-1A-25.

7 (A) ALL PROCEEDS FROM THE OPERATION OF VIDEO LOTTERY TERMINALS
8 SHALL BE ELECTRONICALLY TRANSFERRED DAILY INTO THE STATE LOTTERY FUND
9 ESTABLISHED UNDER SUBTITLE 3 OF THIS TITLE AND DISTRIBUTED AS PROVIDED IN
10 THIS SECTION.

11 (B) (1) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL
12 OF THE REVENUE UNDER THIS SUBTITLE.

13 (2) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER
14 THE CONTROL OF THE COMPTROLLER AND SHALL BE DISTRIBUTED AS PROVIDED IN
15 THIS SECTION.

16 (C) THE COMPTROLLER SHALL PAY FROM THE PROCEEDS OF REQUEST FOR
17 PROPOSAL VIDEO LOTTERY TERMINALS:

18 (1) (I) IN THE FIRST YEAR OF REQUEST FOR PROPOSAL VIDEO
19 LOTTERY TERMINAL OPERATIONS, 5% TO THE MARYLAND GAMING AGENCY FOR
20 COSTS AS DEFINED IN § 9-1A-01 OF THIS SUBTITLE; AND

21 (II) IN THE SECOND YEAR OF REQUEST FOR PROPOSAL VIDEO
22 LOTTERY TERMINAL OPERATIONS AND EACH YEAR THEREAFTER, 4.3% TO THE
23 MARYLAND GAMING AGENCY FOR COSTS AS DEFINED IN § 9-1A-01 OF THIS SUBTITLE;
24 AND

25 (2) (I) IN THE FIRST YEAR OF REQUEST FOR PROPOSAL VIDEO
26 LOTTERY TERMINAL OPERATIONS, 50% TO THE EDUCATION TRUST FUND
27 ESTABLISHED UNDER § 9-1A-27 OF THIS SUBTITLE; AND

28 (II) IN THE SECOND YEAR OF REQUEST FOR PROPOSAL VIDEO
29 LOTTERY TERMINAL OPERATIONS AND EACH YEAR THEREAFTER, 50.7% TO THE
30 EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-27 OF THIS SUBTITLE.

31 (D) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
32 COMMISSION, THE COMPTROLLER SHALL PAY:

33 (1) FROM THE PROCEEDS OF REQUEST FOR PROPOSAL VIDEO LOTTERY
34 TERMINALS, A PERCENTAGE DESIGNATED IN THE PERSON'S SUCCESSFUL BID TO A
35 REQUEST FOR PROPOSAL VIDEO LOTTERY OPERATION LICENSE, NOT MORE THAN
36 25%;

37 (2) FROM THE PROCEEDS OF ALL REQUEST FOR PROPOSAL VIDEO
38 LOTTERY TERMINALS, 15% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED

1 UNDER § 9-1A-26 OF THIS SUBTITLE FOR MILE THOROUGHBRED PURSES AND THE
2 MARYLAND-BRED RACE FUND; AND

3 (3) FROM THE PROCEEDS OF ALL REQUEST FOR PROPOSAL VIDEO
4 LOTTERY TERMINALS, A TOTAL OF 5% TO ALL COUNTIES IN WHICH THOSE
5 TERMINALS ARE LOCATED, WITH EACH COUNTY RECEIVING A PRO RATA SHARE.

6 (E) IF THE PAYMENT TO A PERSON UNDER SUBSECTION (D)(3) OF THIS
7 SECTION IS LESS THAN 25%, THE DIFFERENCE SHALL BE PAID INTO THE EDUCATION
8 TRUST FUND ESTABLISHED UNDER § 9-1A-27 OF THIS SUBTITLE.

9 (F) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
10 COMPTROLLER, THE COMPTROLLER SHALL PAY:

11 (1) FROM THE PROCEEDS OF EACH KENO VIDEO LOTTERY TERMINAL,
12 25% TO THE LICENSEE;

13 (2) FROM THE PROCEEDS OF ALL KENO VIDEO LOTTERY TERMINALS, A
14 TOTAL OF 15% TO ALL LOCAL JURISDICTIONS IN WHICH THOSE VIDEO LOTTERY
15 TERMINALS ARE LOCATED, WITH EACH LOCAL JURISDICTION RECEIVING A PRO
16 RATA SHARE; AND

17 (3) FROM THE PROCEEDS OF ALL KENO VIDEO LOTTERY TERMINALS,
18 60% TO THE EDUCATION TRUST FUND.

19 9-1A-26.

20 (A) THERE IS A PURSE DEDICATION ACCOUNT UNDER THE AUTHORITY OF
21 THE STATE RACING COMMISSION.

22 (B) (1) THE ACCOUNT SHALL RECEIVE MONEY AS REQUIRED UNDER §
23 9-1A-25 OF THIS SUBTITLE.

24 (2) MONEY IN THE ACCOUNT SHALL BE INVESTED AND REINVESTED BY
25 THE TREASURER AND INTEREST AND EARNINGS SHALL ACCRUE TO THE ACCOUNT.

26 (3) THE COMPTROLLER SHALL:

27 (I) ACCOUNT FOR THE FUND; AND

28 (II) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
29 STATE RACING COMMISSION, ISSUE A WARRANT TO PAY OUT MONEY FROM THE
30 FUND IN THE MANNER PROVIDED UNDER THIS SECTION.

31 (4) THE ACCOUNT IS A SPECIAL CONTINUING, NONLAPSING FUND THAT
32 IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

33 (5) EXPENDITURES FROM THE ACCOUNT SHALL ONLY BE MADE ON A
34 PROPERLY APPROVED TRANSMITTAL PREPARED BY THE STATE RACING COMMISSION
35 AS PROVIDED UNDER SUBSECTION (C) OF THIS SECTION.

1 (C) SUBJECT TO THE PROVISIONS OF SUBSECTION (D) OF THIS SECTION, THE
2 STATE RACING COMMISSION SHALL ALLOCATE THE FUNDS FROM THE PIMLICO RACE
3 COURSE AND LAUREL PARK THAT ARE ATTRIBUTABLE TO THE MILE
4 THOROUGHBRED INDUSTRY UNDER § 9-1A-25 OF THIS SUBTITLE TO:

5 (1) MILE THOROUGHBRED PURSES AT THE PIMLICO RACE COURSE AND
6 LAUREL PARK; AND

7 (2) THE MARYLAND-BRED RACE FUND.

8 (D) THE AMOUNT OF FUNDS ALLOCATED TO MILE THOROUGHBRED PURSES
9 AND THE MARYLAND-BRED RACE FUND SHALL BE ALLOCATED AS FOLLOWS:

10 (1) 89% TO MILE THOROUGHBRED PURSES; AND

11 (2) 11% TO THE MARYLAND-BRED RACE FUND.

12 9-1A-27.

13 (A) THERE IS AN EDUCATION TRUST FUND WHICH IS A SPECIAL CONTINUING,
14 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND
15 PROCUREMENT ARTICLE.

16 (B) (1) THERE SHALL BE CREDITED TO THE EDUCATION TRUST FUND ALL
17 PROCEEDS ALLOCATED TO THE FUND UNDER § 9-1A-26 OF THIS SUBTITLE.

18 (2) MONEY IN THE EDUCATION TRUST FUND SHALL BE INVESTED AND
19 REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL ACCRUE TO
20 THE FUND.

21 (C) MONEY IN THE EDUCATION TRUST FUND SHALL BE USED TO OFFSET THE
22 TOTAL FUNDING REQUIRED TO PROVIDE AN ADEQUATE EDUCATION FOR CHILDREN
23 ATTENDING PUBLIC SCHOOLS IN THE STATE IN PREKINDERGARTEN THROUGH
24 GRADE 12, THROUGH IMPLEMENTATION OF THE PROGRAMS COMMONLY KNOWN AS
25 THE BRIDGE TO EXCELLENCE IN PUBLIC SCHOOLS, FIRST ENACTED BY CHAPTER 288
26 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2002.

27 (D) EXPENDITURES FROM THE EDUCATION TRUST FUND SHALL BE MADE
28 EACH FISCAL YEAR IN ACCORDANCE WITH THE STATE BUDGET.

29 9-1A-28.

30 (A) THE STATE MAY PAY FOR THE REASONABLE TRANSPORTATION COSTS TO:

31 (1) MITIGATE THE IMPACT ON THE COMMUNITIES IN THE IMMEDIATE
32 PROXIMITY TO THE FACILITY; AND

33 (2) MAKE EACH VIDEO LOTTERY FACILITY ACCESSIBLE TO THE PUBLIC.

34 (B) (1) A COMPREHENSIVE TRANSPORTATION PLAN SHALL BE:

1 (I) DEVELOPED BY EACH COUNTY IN WHICH A FACILITY IS
2 LOCATED; AND

3 (II) APPROVED BY THE DEPARTMENT OF TRANSPORTATION.

4 (2) THE COMPREHENSIVE TRANSPORTATION PLAN SHALL INCLUDE
5 PROVISIONS ON ROADS AND MASS TRANSIT.

6 (C) THE DEPARTMENT OF TRANSPORTATION SHALL FACILITATE
7 NEGOTIATIONS WITH AFFECTED COMMUNITIES TO ENSURE THE MOST PRACTICAL
8 INGRESS AND EGRESS FROM THE VIDEO LOTTERY FACILITY.

9 9-1A-29.

10 (A) THE COMMISSION SHALL:

11 (1) ESTABLISH AN ANNUAL FEE OF \$390 TO BE PAID BY EACH VIDEO
12 LOTTERY OPERATION LICENSEE FOR EACH VIDEO LOTTERY TERMINAL OPERATED
13 BY THE LICENSEE DURING THE YEAR; AND

14 (2) DISTRIBUTE THE FEES COLLECTED UNDER PARAGRAPH (1) OF THIS
15 SUBSECTION TO THE COMPULSIVE GAMBLING FUND ESTABLISHED IN SUBSECTION
16 (B) OF THIS SECTION.

17 (B) (1) THERE IS A COMPULSIVE GAMBLING FUND IN THE DEPARTMENT OF
18 HEALTH AND MENTAL HYGIENE.

19 (2) THE COMPULSIVE GAMBLING FUND IS A SPECIAL CONTINUING,
20 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND
21 PROCUREMENT ARTICLE.

22 (3) MONEYS IN THE COMPULSIVE GAMBLING FUND SHALL BE INVESTED
23 AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL
24 ACCRUE TO THE FUND.

25 (4) EXPENDITURES FROM THE COMPULSIVE GAMBLING FUND SHALL BE
26 MADE:

27 (I) BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO:

28 1. ESTABLISH A 24-HOUR HOTLINE FOR COMPULSIVE AND
29 PROBLEM GAMBLERS AND TO PROVIDE COUNSELING AND OTHER SUPPORT
30 SERVICES FOR COMPULSIVE AND PROBLEM GAMBLERS; AND

31 2. DEVELOP AND IMPLEMENT A PROBLEM GAMBLING
32 PREVENTION PROGRAM; AND

33 (II) IN ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE
34 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY THE BUDGET
35 AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE AND
36 PROCUREMENT ARTICLE.

1 9-1A-30.

2 THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND,
3 SUBJECT TO § 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY:

4 (1) ON THE OPERATION AND FINANCES OF THE VIDEO LOTTERY; AND

5 (2) WITH THE ASSISTANCE OF LOCAL POLICE DEPARTMENTS AND THE
6 DEPARTMENT OF STATE POLICE, DETAILING THE CRIMES THAT OCCUR WITHIN THE
7 COMMUNITIES SURROUNDING A VIDEO LOTTERY FACILITY.

8 **Article - State Finance and Procurement**

9 11-203.

10 (a) Except as provided in subsection (b) of this section, this Division II does
11 not apply to:

12 (1) procurement by:

13 (xvi) the Maryland [State Lottery] GAMING Agency, for negotiating
14 and entering into private sector cooperative marketing projects that directly enhance
15 promotion of the Maryland State Lottery and its products, if the cooperative
16 marketing project:

17 1. provides a substantive promotional or marketing value
18 that the lottery determines acceptable in exchange for advertising or other
19 promotional activities provided by the lottery;

20 2. does not involve the advertising or other promotion of
21 alcohol or tobacco products; and

22 3. is reviewed by the Attorney General and approved by the
23 Maryland Lottery Director or the Director's designee;

24 (xviii) the Maryland Energy Administration, when negotiating or
25 entering into grants or cooperative agreements with private entities to meet federal
26 specifications or solicitation requirements related to energy conservation, energy
27 efficiency, or renewable energy projects that benefit the State; [and]

28 (xix) the Maryland Developmental Disabilities Administration of the
29 Department of Health and Mental Hygiene for family and individual support services,
30 and individual family care services, as those terms are defined by the Department of
31 Health and Mental Hygiene in regulation; AND

32 (XX) THE MARYLAND GAMING AGENCY FOR NEGOTIATING AND
33 ENTERING INTO CONTRACTS FOR THE PURCHASE, LEASE, MANUFACTURE, REPAIR,
34 MAINTENANCE, AND OPERATION OF VIDEO LOTTERY TERMINALS.

1 (b) (1) The following provisions of this Division II apply to each procurement
2 enumerated in subsection (a) of this section:

3 (i) § 11-205 of this subtitle ("Fraud in procurement");

4 (ii) § 12-204 of this article ("Board approval for designated
5 contracts");

6 (iii) Title 12, Subtitle 2 of this article ("Supervision of Capital
7 Expenditures and Real Property Leases");

8 (iv) § 13-219 of this article ("Required clauses - Nondiscrimination
9 clause");

10 (v) § 13-221 of this article ("Disclosures to Secretary of State");

11 (vi) Title 16 of this article ("Debarment of Contractors"); and

12 (vii) Title 17 of this article ("Special Provisions - State and Local
13 Subdivisions").

14 (3) A procurement by an entity listed in subsection (a)(1)(i) through
15 [(xix)] (XX) of this section shall be made under procedures that promote the purposes
16 stated in § 11-201(a) of this subtitle.

17 SECTION 2. AND BE IT FURTHER ENACTED, That if any provision of this
18 Act or the application thereof to any person or circumstance is held invalid for any
19 reason in a court of competent jurisdiction, the invalidity does not affect other
20 provisions or any other application of this Act which can be given effect without the
21 invalid provision or application, and for this purpose the provisions of this Act are
22 declared severable.

23 SECTION 3. AND BE IT FURTHER ENACTED, That the intent of this Act,
24 and its various integrated provisions, is to provide for the authorization and
25 regulation of certain gaming devices for the purpose of generating State revenues and
26 other funds for specified purposes, including funding public education and assisting
27 the State's racing industry. This section is not intended to detract from the
28 application of the severability provision contained in Section 2 of this Act or from the
29 ability of a court of competent jurisdiction to consider and apply appropriate
30 severability principles in the event of a judicial challenge to the validity of a specific
31 portion or portions of the bill.

32 SECTION 4. AND BE IT FURTHER ENACTED, That this Act may not be
33 construed to affect the terms of the members of the State Lottery Commission
34 appointed before the effective date of this Act. The terms of the four new members of
35 the State Lottery Commission appointed under this Act shall expire as follows:

36 (1) one member in 2006;

37 (2) one member in 2007; and

1 (3) two members in 2008.

2 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take
3 effect June 1, 2004.